

DW 01-196

ROLLING RIDGE WATER SYSTEM

Receivership Proceedings

Order Regarding Customer Billing

ORDER NO. 24,659

September 1, 2006

I. BACKGROUND

Rolling Ridge Water System (Rolling Ridge) is a public water utility that provides service to approximately 30 customers in a limited area in the Town of Bartlett, New Hampshire. Rolling Ridge has been in receivership pursuant to RSA 374:47-a since 2001. A complete procedural history of this docket is contained in Order No. 24,474, (June 16, 2005) and Order No. 24,517, (September 20, 2005).

On June 30, 2006, the Commission issued order No. 24,642 extending the deadline for terminating the receivership until September 30, 2006, to allow the Rolling Ridge Water Association (Association) time to acquire the water system. In that order, the Commission also authorized LRW Water Services, Inc., the system operator, to bill Rolling Ridge customers \$251.24. This total was comprised of \$101.24 for water service for the period from April 1 through June 30, 2006, and \$150.00 for a surcharge to pay outstanding expenses incurred by LRW Water Services, Inc. to operate the system.

On August 8, 2006, Commission Staff (Staff) filed a letter informing the Commission of the estimated outstanding expenses owed LRW Water Services, Inc. Specifically, Staff stated that LRW Water Services, Inc. had a deficit of \$17,335 as of June 30, 2006. Subtracting current account receivables, the net deficit is \$14,550. Staff also provided its analysis of what customers

would need to pay to achieve the goal of eliminating all receivables prior to the end of the receivership. In addition, Staff estimated that legal services related to transfer of the system would cost \$8,000. Based on that estimate and LRW Water Services, Inc.'s deficit, Staff concluded that customers would need to be billed \$465 in addition to the regular \$101.24 quarterly water charge before September 30, 2006. As there are no customer water meters in the system, all charges are computed on a per customer basis, without regard to actual usage. Lastly, Staff stated it was attempting to meet with the Association and other parties to develop a transfer plan.

II. COMMISSION ANALYSIS

RSA 374:47-a authorizes the Commission to direct such temporary action as is necessary to assure continued service by a utility subject to receivership. In the exercise of this authority, we have reviewed Staff's recommendation and agree it is appropriate to authorize LRW Water Services, Inc. to issue customer bills with surcharges to pay outstanding operating expenses and legal fees. We find the billing, and in particular the reduction of the deficit owed LRW Water Services, Inc. and the funding of legal services to accommodate the transfer of the system, to be necessary measures.

The last billing authorized by this Commission, by way of Order No. 24,462, (June 30, 2006) covered the period April 1, 2006, through June 30, 2006. The new billing will cover third-quarter water service from, July 1, 2006, through September 30, 2006. The charge for water service for this period will be \$101.24. We recognized in Order No. 24,642 that it was imperative to issue timely bills and we find that issuance of the third-quarter bills will aid in the orderly transfer of the water system. To reduce LRW Water Services, Inc.'s net \$14,550 deficit,

we find that assessing a surcharge of \$196.63 per customer is appropriate.¹ We will instruct LRW Water Services, Inc. to allow customers to pay the \$297.87 (\$101.24 + \$196.63) within thirty days from the date of the billing. If payment is not received within thirty days, then we authorize LRW Water Services, Inc. to commence disconnection of service consistent with N.H. Code Admin. R. Puc 1203.11. All customers, including customers who have recently removed themselves from service, are responsible for the \$196.63 surcharge. LRW Water Services, Inc.'s expenses for operation of the system were incurred throughout the period of receivership and are the responsibility of all customers who received service during that period.

With respect to Staff's recommendation that a surcharge for estimated legal expenses be added to the third-quarter water bill, we will direct recovery as follows. Staff has estimated legal expenses of \$8,000, which we find is a reasonable basis for assessing a surcharge, subject to reconciliation for actual legal expenses related to transfer of the system. Accordingly, we will authorize LRW Water Services, Inc. to impose a surcharge of \$266.67 to recover estimated legal expenses. All customers are responsible for this \$266.67 surcharge, pursuant to RSA 374:47-a, which states that costs and expenses incurred by the Commission shall be the responsibility of the customers. The legal expenses are directly related to the resolution of this receivership and all customers who benefited from the receivership are obligated to pay the surcharge.² Billing for this surcharge shall be done in conjunction with an October water usage billing, as described below.

¹ The \$196.63 surcharge was derived by subtracting from the \$14,550 net deficit, \$7,530 in second quarter bills authorized by Order No. 24,642, dated June 30, 2006, as well as third quarter bills and adding \$1,916 in expected LRW Water Services, Inc. expenses and electric costs. This subtotal was then divided by thirty (30) customers.

² The \$266.67 surcharge was derived by dividing the estimated legal expenses (\$8,000) by thirty (30) customers.

In order to allow sufficient time for the legal work connected with a transfer of the system to be completed, and to aid in an orderly transfer of the water system to the Association, we will extend operation of the water system under the receivership until October 31, 2006. In light of this extension, we authorize LRW Water Services, Inc. to issue a bill on or before October 15, 2006, for October water usage in the amount of \$33.75. This billing is to be done in conjunction with the \$266.67 surcharged noted above such that the combined October bill will total \$300.42. Payment of this \$300.42 by customers will be due no later than December 15, 2006.

As with past billings, we direct LRW Water Services, Inc. to provide an explanation of the amount shown on each bill. This explanation should state that the bill amount has been authorized by the Commission; that the first bill is for water service for the period July 1, 2006 ,through September 30, 2006; that a surcharge has been added to reduce the deficit in what is owed LRW Water Services, Inc. for services during receivership; that customers will have thirty days within which to pay the first bill, totaling \$297.87; that the second bill is for water service for the period October 1, 2006, through October 31, 2006, that a surcharge in the amount of \$266.67 has been added to pay for expected legal expenses from the Law Offices of Thomas E. Dewhurst, III, PLLC to resolve title issues surrounding ownership of the water system; that customers will have until December 15, 2006 to pay the \$266.67 surcharge and the \$33.75 October water usage fee totaling \$300.42; and that the Commission intends to perform a final reconciliation of all receipts and expenses for the receivership and authorize a final billing or refund at the termination of the receivership.

With respect to development of a transfer plan at the conclusion of this receivership, we

direct Staff and the Association to file such a plan for our consideration no later than September 15, 2006. We note at this time that LRW Water Services, Inc. will continue to be authorized to collect outstanding amounts due under the receivership after it discontinues actual operation of the water system.

Based upon the foregoing, it is hereby

ORDERED, that LRW Water Services, Inc. issue bills to Rolling Ridge Water System customers as soon as possible to collect \$297.87, which represents a total of \$101.24 for water service July 1, 2006, through September 30, 2006, and \$196.63 for a surcharge to recover outstanding costs owed LRW Water Services, Inc., and that customers be allowed to pay that amount within thirty days of the date of the bill, as described above; and it is

FURTHER ORDERED, that LRW Water Services, Inc. issue bills to Rolling Ridge Water System customers on or before October 15, 2006, to collect \$266.67 for a surcharge to recover estimated legal expenses associated with resolving title issues as well as \$33.75 for October water usage and that customers be allowed to pay that amount over two months, but by no later than December 15, 2006, as described above; and it is

FURTHER ORDERED, that LRW Water Services Inc. provide customers with an explanation of the amount shown on each customer bill, as described above; and it is

FURTHER ORDERED, that receivership of the Rolling Ridge Water System, with operation by LRW Water Services, Inc., is extended until October 31, 2006; and it is

FURTHER ORDERED, that Commission Staff and the Rolling Ridge Water Association shall file a transfer plan with the Commission no later than September 15, 2006; and it is

FURTHER ORDERED, that LRW Water Services, Inc. mail a copy of this order to all customers of Rolling Ridge Water System by first class mail within 10 days of the date of this order.

By order of the Public Utilities Commission of New Hampshire this first day of September, 2006.

Thomas B. Getz
Chairman

Graham J. Morrison
Commissioner

Clifton C. Below
Commissioner

Attested by:

Debra A. Howland
Executive Director & Secretary